

**Testimony**  
**of**  
**THE UNITED ILLUMINATING COMPANY**  
**before the**  
**FINANCE, REVENUE and BONDING COMMITTEE**  
**Re**  
**RAISED HOUSE BILL 484**

**AN ACT CONCERNING THE GOVERNOR'S REVENUE PLAN**

**LEGISLATIVE OFFICE BUILDING**

**HARTFORD, CT**

**March 22, 2010**

Good morning, Senator Daily, Representative Staples and members of the Finance Revenue and Bonding Committee. My name is Patrick McDonnell and I am the Director of Conservation and Load Management for The United Illuminating Company ("UI"). I also represent UI on the Energy Conservation Management Board (ECMB). I am here today to testify on **Raised Bill 484 – An Act Concerning the Governor's Revenue Plan.**

We all certainly understand the difficult financial conditions that we all face in our current economic climate. We understand the difficult position you, our legislative leaders face in balancing the budget of the State of Connecticut. I am here today to strongly oppose the sections of SB 484 that would divert funding from the current Conservation and Load Management programs and use those electric ratepayer funds as a securitized revenue stream for the general fund. This approach is flawed for the following reasons.

The bill would divert electric ratepayer funds meant to be used for cost effective conservation programs to pay for state revenue shortfalls. The United Illuminating Company and Connecticut Light & Power have administered energy conservation programs as a part of their service to their customers for over twenty years; before electric restructuring. When the electric industry in Connecticut was restructured, energy efficiency program offerings were mandated by state statute that required the distribution companies to impose a charge to fund energy efficiency as well as renewable energy generation projects. This bill would take that funding from ratepayers and cause a

reduction in the level of service they receive. The revenue diversion merely creates a new, hidden tax on the customers of United Illuminating and Connecticut Light and Power (CL&P) without calling it a tax.

If the intent of the governor's proposal is to establish a new tax on electric consumers in the State, then it should be called a tax on and not a diversion that imposes an inequitable burden on only a portion of the Connecticut citizens – those who use electricity and are customers of UI or CL&P. The new tax would be borne by 94% of Connecticut's resident, determined not by their ability to pay the tax, but only based on the town they happen to live in.

The diversion of the program funds would also result in a direct loss of green jobs. It is estimated that in Connecticut that approximately 2500 jobs are a direct result of these programs. These are energy auditors, installers, electricians, HVAC technicians, engineers, accountants and countless others who support them. These are exactly the types of green jobs that we are looking to create in Connecticut. The loss of these programs would also provide a devastating blow to our ability to not only grow additional green jobs in our state but to maintain them.

In addition, the loss of these programs would mean the loss of the direct economic benefit they create. For every dollar spent on energy efficiency programs in Connecticut, customers realize four dollars in direct benefit. The 2009 programs alone will provide approximately \$533 million in future energy savings for Connecticut Consumers. This

benefit comes from the energy that is not used as a result of more efficient equipment being installed in our home and businesses. These savings are real and measurable, and extremely important to our residents struggling in these difficult economic times.

The energy efficiency programs have become an important component of our electric infrastructure. The savings from the programs have been included in the regional system forecast of electricity loads developed by the Independent System Operator for New England (ISO-NE). These load savings have also been included by the ISO-NE to establish the needs of the forward capacity market (FCM). The loss of the program capacity savings that has been anticipated from these programs will require the ISO to secure other resources to make up the difference.

These conservation programs also provide environmental benefits that are of paramount importance to us all. The program savings from 2009 alone reduced emissions of 1.9 million tons of Carbon, 811 tons of sulfur, and 398 tons of nitrogen compounds. We all know of the growing concern over climate change, and acid rain, but nitrogen emissions are extremely important in Connecticut due to the challenges we face in complying with federal ozone regulations. The loss of these nitrogen reductions will only exacerbate that situation.

These conservation and load management programs are also important drivers of economic development in Connecticut. There are scores of small firms that have either opened up shop here or expanded their business into the energy field to provide these

services. These firms in turn create thousands more jobs from businesses that support them.

In conclusion, energy conservation and efficiency provide great benefits to the state and in particular to electric consumers who pay for the benefits. By diverting these payments the state would be doing them a disservice in imposing a disguised tax on the electricity they use for their businesses and their daily lives.

For these reasons, The United Illuminating Company strongly opposes **Raised Bill 484 – An Act Concerning the Governor’s Revenue Plan** as it applies to the Energy Conservation & Load Management Fund as well as the Clean Energy Fund.

I will be happy to answer any questions you may have.